

H.B. NO. 1012

A BILL FOR AN ACT

RELATING TO ESTABLISHING THE EXECUTIVE OFFICE ON AGING
ADMINISTRATIVE CLAIMING SPECIAL FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Federal financial participation under Medicaid
2 is a percentage of state expenditures that can be reimbursed by
3 the federal government to pay for administrative and program
4 costs of state agencies or other entities that provide long-term
5 services and supports to Medicaid clients. In Hawaii, the
6 executive office on aging and the aging and disability resource
7 centers are eligible for federal financial participation because
8 they spend money on administrative functions to provide long-
9 term services and supports to Medicaid clients. If the
10 executive office on aging and the aging and disability resource
11 centers were to receive their share of federal financial
12 participation for administrative costs, they would be able to
13 expand their programs and services and serve more individuals.
14 Furthermore, if federal financial participation could be
15 directly deposited into a special fund established in the
16 executive office on aging, funds could be easily distributed to

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1 the aging and disability resource centers to support the work
2 they were established to perform pursuant to section 349-32,
3 Hawaii Revised Statutes.

4 The State is currently not receiving federal funds it is
5 eligible to receive. It is estimated that the annual federal
6 financial participation claims for the executive office on aging
7 and the four aging and disability resource centers would equal
8 \$1,283,000 in state fiscal year 2018-2019, \$1,443,000 in state
9 fiscal year 2019-2020, \$1,686,000 in state fiscal year 2020-
10 2021, \$1,887,000 in state fiscal year 2021-2022, and \$2,036,000
11 in state fiscal year 2022-2023. According to the Administration
12 for Community Living of the United States Department of Health
13 and Human Services, most states claim between \$500,000 to
14 \$2,000,000 per year.

15 The purpose of this Act is to establish the executive
16 office on aging administrative claiming special fund to enhance
17 the drawdown of anticipated federal funds and provide additional
18 moneys to support services for kupuna and individuals with
19 disabilities who need long term services and supports.

20 SECTION 2. Chapter 349, Hawaii Revised Statutes, is
21 amended by adding a new section to be appropriately designated
22 and to read as follows:

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1 "§349- Executive office on aging administrative claiming
2 special fund. (a) There is established in the state treasury
3 the executive office on aging administrative claiming special
4 fund. The fund shall be administered and expended by the
5 department of health. The fund shall consist of:

6 (1) All revenues from medicaid administrative claiming
7 designated for the department of health that are
8 allowable for operating the aging and disabilities
9 resource centers;

10 (2) Appropriations made by the legislature to the fund;
11 and

12 (3) Grants and gifts made to the fund.

13 (b) Moneys in the executive office on aging administrative
14 claiming special fund shall be used by the department of health
15 to implement section 349-32 for services for kupuna and
16 individuals with disabilities who need long-term services and
17 supports."

18 SECTION 3. Section 36-27, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:

20 "(a) Except as provided in this section, and
21 notwithstanding any other law to the contrary, from time to
22 time, the director of finance, for the purpose of defraying the
23 prorated estimate of central service expenses of government in
24 relation to all special funds, except the:

25 (1) Special out-of-school time instructional program fund

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- 1 under section 302A-1310;
- 2 (2) School cafeteria special funds of the department of
- 3 education;
- 4 (3) Special funds of the University of Hawaii;
- 5 (4) State educational facilities improvement special fund;
- 6 (5) Convention center enterprise special fund under
- 7 section 201B-8;
- 8 (6) Special funds established by section 206E-6;
- 9 (7) Aloha Tower fund created by section 206J-17;
- 10 (8) Funds of the employees' retirement system created by
- 11 section 88-109;
- 12 (9) Hawaii hurricane relief fund established under chapter
- 13 431P;
- 14 (10) Hawaii health systems corporation special funds and
- 15 the subaccounts of its regional system boards;
- 16 (11) Tourism special fund established under section 201B-
- 17 11;
- 18 (12) Universal service fund established under section 269-
- 19 42;
- 20 (13) Emergency and budget reserve fund under section 328L-
- 21 3;
- 22 (14) Public schools special fees and charges fund under
- 23 section 302A-1130;
- 24 (15) Sport fish special fund under section 187A-9.5;
- 25 [+](16)[+] Neurotrauma special fund under section 321H-4;

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- 1 [+] (17) [+] Glass advance disposal fee established by section
2 342G-82;
- 3 [+] (18) [+] Center for nursing special fund under section
4 304A-2163;
- 5 [+] (19) [+] Passenger facility charge special fund established
6 by section 261-5.5;
- 7 [+] (20) [+] Solicitation of funds for charitable purposes
8 special fund established by section 467B-15;
- 9 [+] (21) [+] Land conservation fund established by section
10 173A-5;
- 11 [+] (22) [+] Court interpreting services revolving fund under
12 section 607-1.5;
- 13 [+] (23) [+] Trauma system special fund under section 321-22.5;
- 14 [+] (24) [+] Hawaii cancer research special fund;
- 15 [+] (25) [+] Community health centers special fund;
- 16 [+] (26) [+] Emergency medical services special fund;
- 17 [+] (27) [+] Rental motor vehicle customer facility charge
18 special fund established under section 261-5.6;
- 19 [+] (28) [+] Shared services technology special fund under
20 section 27-43;
- 21 [+] (29) [+] Automated victim information and notification
22 system special fund established under section 353-136;
- 23 [+] (30) [+] Deposit beverage container deposit special fund
24 under section 342G-104;
- 25 [+] (31) [+] Hospital sustainability program special fund under

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1 [+]section 346G-4 [+];
2 [+] (32) [+] Nursing facility sustainability program special
3 fund under [+]section 346F-4 [+];
4 [+] (33) [+] Hawaii 3R's school improvement fund under section
5 302A-1502.4;
6 [+] (34) [+] After-school plus program revolving fund under
7 section 302A-1149.5; [~~and~~]
8 [+] (35) [+] Civil monetary penalty special fund under
9 section 321-30.2[~~7~~]; and
10 (36) Executive office on aging administrative claiming
11 special fund under section 349- ,
12 shall deduct five per cent of all receipts of all other special
13 funds, which deduction shall be transferred to the general fund
14 of the State and become general realizations of the State. All
15 officers of the State and other persons having power to allocate
16 or disburse any special funds shall cooperate with the director
17 in effecting these transfers. To determine the proper revenue
18 base upon which the central service assessment is to be
19 calculated, the director shall adopt rules pursuant to chapter
20 91 for the purpose of suspending or limiting the application of
21 the central service assessment of any fund. No later than
22 twenty days prior to the convening of each regular session of
23 the legislature, the director shall report all central service
24 assessments made during the preceding fiscal year."

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1 SECTION 4. Section 36-30, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Each special fund, except the:

- 4 (1) Special out-of-school time instructional program
5 fund under section 302A-1310;
- 6 (2) School cafeteria special funds of the department
7 of education;
- 8 (3) Special funds of the University of Hawaii;
- 9 (4) State educational facilities improvement special fund;
- 10 (5) Special funds established by section 206E-6;
- 11 (6) Aloha Tower fund created by section 206J-17;
- 12 (7) Funds of the employees' retirement system created
13 by section 88-109;
- 14 (8) Hawaii hurricane relief fund established under
15 chapter 431P;
- 16 (9) Convention center enterprise special fund
17 established under section 201B-8;
- 18 (10) Hawaii health systems corporation special funds and
19 the subaccounts of its regional system boards;
- 20 (11) Tourism special fund established under section 201B-
21 11;
- 22 (12) Universal service fund established under section 269-
23 42;
- 24 (13) Emergency and budget reserve fund under section 328L-
25 3;

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- 1 (14) Public schools special fees and charges fund under
2 section 302A-1130;
- 3 (15) Sport fish special fund under section 187A-9.5;
- 4 [+] (16) [+] Neurotrauma special fund under section 321H-4;
- 5 [+] (17) [+] Center for nursing special fund under section 304A-
6 2163;
- 7 [+] (18) [+] Passenger facility charge special fund established
8 by section 261-5.5;
- 9 [+] (19) [+] Court interpreting services revolving fund under
10 section 607-1.5;
- 11 [+] (20) [+] Trauma system special fund under section 321-22.5;
- 12 [+] (21) [+] Hawaii cancer research special fund;
- 13 [+] (22) [+] Community health centers special fund;
- 14 [+] (23) [+] Emergency medical services special fund;
- 15 [+] (24) [+] Rental motor vehicle customer facility charge
16 special fund established under section 261-5.6;
- 17 [+] (25) [+] Shared services technology special fund under
18 section 27-43;
- 19 [+] (26) [+] Nursing facility sustainability program special
20 fund established pursuant to [+]section 346F-4[+];
- 21 [+] (27) [+] Automated victim information and notification
22 system special fund established under section 353-136;
- 23 [+] (28) [+] Hospital sustainability program special fund under
24 [+]section 346G-4[+]; [and]
- 25 [+] (29) [+] Civil monetary penalty special fund under section

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Report Title:

Executive Office on Aging; Special Fund; Medicaid

Description:

Creates the Executive Office on Aging Administrative Claiming Special Fund to enhance the drawdown of federal funds.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

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JUSTIFICATION SHEET

DEPARTMENT: HEALTH

TITLE: A BILL FOR AN ACT RELATING TO ESTABLISHING THE EXECUTIVE OFFICE ON AGING ADMINISTRATIVE CLAIMING SPECIAL FUND.

PURPOSE: To capture new revenue based on the percentage of state expenditures to be reimbursed by the federal government for the administrative and program costs of state agencies or other entities that provide long-term services and supports to Medicaid clients, and deposit those funds into a newly created special fund to support services for kupuna and individuals with disabilities who need long-term services and supports.

MEANS: Add a new section to chapter 349, Hawaii Revised Statutes (HRS), and amend sections 36-27 and 36-30, HRS.

JUSTIFICATION: The state is currently not receiving federal financial participation funds with which the federal government reimburses state agencies or other entities for providing long-term services and supports to Medicaid clients. The executive office on aging is in the process of submitting a claim for its share of federal financial participation funds that are a percentage of state expenditures reimbursed by the federal government for administrative and program costs of the Medicaid program. Findings from a 2016 random moment time study estimated that the state may be reimbursed between \$1,400,000 and \$2,000,000 in federal financial participation claims for the executive office on aging and the aging and disability resource centers. A special fund is needed to deposit federal reimbursement funds so the executive office on aging can distribute

the money to the aging and disability resource centers for services to kupuna and individuals with disabilities who need long-term services and supports.

As the funds to be deposited to the special fund are Medicaid reimbursement funds, it would be appropriate to exempt the fund from the surcharges of sections 36-27 and 36-30, HRS.

Impact on the public: Vulnerable populations may benefit from additional program moneys for direct services and supports.

Impact on the department and other agencies: This will provide the Department of Health additional moneys for services for kupuna and individuals with disabilities. If approved, the Department of Budget and Finance is required to establish the special fund.

GENERAL FUND:

None.

OTHER FUNDS:

Additional federal funds reimbursement may range from \$500,000 to \$2,000,000 annually, based on the experiences of other states.

PPBS PROGRAM

DESIGNATION:

HTH 970.

OTHER AFFECTED

AGENCIES:

Department of Budget and Finance; County Aging and Disability Resource Centers.

EFFECTIVE DATE:

Upon approval.